Abstract

The world has come to the verge of a revolution that is just as profound as the change in the economy that came with the industrial revolution. Soon electronic networks will allow people to transcend the barriers of time and distance and take advantage of global markets and business opportunities not even imaginable today, opening up a new world of economic possibility and progress. With Internet’s booming, airline’s business has been greatly changed. Basically, it is not a long time since the Internet came to China and IT is not well developed. In recent years, Internet booking, e-ticket, e-check in and e-cargo have emerged. Southern Airlines of China, one of the biggest airlines in China, put its business in the Internet firstly in 1997; however, most of Chinese airlines just sell tickets through Internet now.

China is a socialist country in which the government owned almost all enterprises 20 years ago. After China carried out reform and an open economy policy, the ownership of state-owned enterprises has changed gradually and competition has been introduced into business. However, such changes hadn’t taken place until 1990s in airline industry. People get used to planned-economy, and they produce product according to product plan given by the government and were not motivated by sales volumes. To some extent, in Chinese airlines, people don’t have perceptions of market and marketing. It is not until the Asian finance crisis occurred that Chinese airlines were aware or recognized threats coming from market forces. With emergence of high technology and very high competition of world air travel market, Chinese airlines must use of Internet to achieve competitive advantage especially 11th September, Iraq War and SARS.

The main objective of this paper is to demonstrate the impact of Internet Economy and its present application to Chinese airline industry. Based on SWOT (strength, weakness, opportunity and threat) analysis to draw a conclusion that it is urgent for Chinese airlines to do business through Internet.